

Hugh Lawson White to Andrew Jackson, April 11, 1833, from Correspondence of Andrew Jackson. Edited by John Spencer Bassett.

HUGH L. WHITE TO JACKSON.

Knoxville, April 11, 1833.

My dear Sir; Yours dated 24th Ult. reached me a few days ago, and I embrace my soonest leisure moment to answer it's contents.

Sometimes I incline to the opinion that our race is growing worse but a little reflection satisfies me that as I grow older I only become better acquainted with men, and that probably those of my own day are neither better nor worse than those who preceded them would have shewn themselves to have been under the like circumstances. In such a government as ours where the highest offices are accessible to all, we must expect continual struggles for power, and the means employed for it's attainment will not always be the most honorable. The true patriot should never wish the accomplishment of any object, by which, the interest of his country would not be promoted, and to effect his ends ought never to employ any means which a virtuous community would not approve if made fully acquainted with them; but it is vain to expect all aspirants to become patriots, therefore in many, we must expect deviations from the path of correctness, contenting ourselves with being as useful as we can, in our respective stations, always hoping that an enlightened people will judge correctly of the motives and acts of ourselves, as well as of our fellow men.

I now proceed to answer the specific inquiries submitted in your letter.

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1st. "Can the fiscal concerns of the Government be carried on thro the Agency of State Banks? If they can, as I believe, what would be the best system to adopt, with them, with respect to our deposits and transferring our funds?"

To the first of these interrogatories I answer, that I have no doubt, all the fiscal concerns of the Federal Government can be safely and conveniently carried on, thro the agency of Banks, chartered by the respective States. The mode in which this shall be accomplished can best be fixed on by those who have the aid of past experience. Possessing very little of this I now say, that were it my duty to adopt a plan, I would select some one State Bank, in the solvency of which I had entire confidence, for example one of the Virginia Banks, and make the *whole* arrangement with that Bank, and let that Bank make an arrangement with some other Bank in *each* State, thro which the whole operations should be carried on. The deposits would then be all made in that Bank and in those designated by it, and thro them the whole disbursements would be made.

The notes of such Bank, and those designated by it, should be receivable every where in discharge of debts due to the government, and this of itself would give general credit and currency to all such notes. To secure the government, the Secretary should require a weekly statement of the actual condition of each Bank in which deposits were made, and should have power to rescind the agreement whenever he doubted the safety of the public funds. If such arrangement cannot be made with some one Bank, then an arrangement must be made with some in *each State*, upon the plan formerly pursued, with such improvements as past experience may suggest.

2nd. "As to the time to commence our deposits in the State Banks, Would it not be best to commence the plan before the meeting of next Congress, and communicate the reasons of the change, or when?"

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To this inquiry I answer, We ought not only to do that which is for the public interest, but we should do it under circumstances which will enable us to satisfy the people whose business we transact that the change was necessary to promote their interest.

When the Bank of the United States failed to obey the directions of the government in paying off it's debt, and negotiated with the creditors for indulgence, I think the deposits ought to have been immediately withdrawn; and every federal officer instructed not to receive any of those small drafts or checks, now used as substitutes for five ten and twenty dollar notes. Public opinion I have no doubt would then have sustained the Executive in such a course: but the Government, from motives which all ought to approve, wished to be certain of the insolvency of the Bank before it withdrew the public deposits, therefore appointed an Agent to examine and report it's condition. That Report is before the world, and is as flattering, as the Bank could wish, as to it's solvency.¹ Since

¹ Refers, no doubt, to Toland's report, Dec. 4, 1832, *Ex. Docs.*, no. 8, 22 Cong., 2 sess., p. 3. Henry Toland was a staunch Jackson man and a former government director of the bank. He was appointed by McLane, Secretary of the Treasury, to examine into the affairs of the bank, especially its Western creditors. His report, as White says, was flattering to the bank.

then the matter has been brought to the notice of Congress, a committee has been created by the House of Representatives, and a majority of that Committee has made a Report most favorable to the Bank. The minority of the Committee has also submitted it's view of the solvency and management of the Bank, in such terms, as if it stood alone, would create a well founded belief that the public money was unsafe, where now deposited. But the question recurs what opinion will society form from these documents taking them all together. The opinion of the confidential Agent of the treasury and that of a Majority of the Committee one way, and that of the minority of the Committee the other, places the question of the solvency of the Bank in such attitude before the public that I do not believe the Executive would act wisely in ordering a withdrawal of the deposits

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from the Bank of the United States and placing them in State Banks, at this time. Public opinion will in my judgment best sustain the Executive in permitting them to remain with the Bank of the U.States, until it's charter expires, or some future development shall shew that the Bank is so managing it's concerns as to make it necessary to the public interest that the public money should be withdrawn from the power and control of the Bank. I think the fiscal concerns of the Government can always be managed thro State Banks, and that a Bank chartered by the U.States will never be indispensable to the collection or disbursement of the public money: but I am at the same time of opinion such a Bank will be a convenience to the government and a great benefit to the Commercial community. This charter I would not renew, even if the government were not a Stockholder.

The only one, to which, with my present impressions, I would agree, should be chartered in the district of Columbia, with a power to connect itself with some Bank in each state, chartered by the respective states, and to use notes bearing the signatures of the officers of the Federal district Bank. Such a Bank would be constitutional, the Federal government could *receive* , have faithfully *kept* and promptly *paid* out, all it's money, through it's agency, and the community would have an uniform paper medium, a safe substitute for specie.

I have now, My dear Sir, with frankness, and in the least possible compass, given you my opinion, upon the several points suggested by your letter. I have lived long enough to distrust my own opinions, upon almost all subjects, thinking them of but little value I seldom obtrude them, even upon my best friends. When asked by you, they never have been, they never shall be withheld.

I wish, I could indulge the hope, that the close of your public life would, in it's comforts, furnish some adequate return, for the toils, hardships, perils and privations which have fallen to your lot, since the commencement of our acquaintance.

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I am, as I ought to be, your friend